

Railroad Companies - Franchise Tax Base

[Public Chapter 924 \(2004\)](#)

Franchise and Excise
taxes notice
#04-30

Effective June 7, 2004, Public Chapter 924 amends Tenn. Code Ann. Section 67-4-2108(a)(3) relative to the franchise tax computation for railroad companies.

In order to compute the minimum measure for franchise tax purposes, Public Chapter 924 allows railroad companies to value their real and tangible personal property in accordance with the method used for federal tax purposes so long as such method fairly reflects the property's value for franchise tax purposes. Railroad companies are defined by the terminology used in Part 1201 of Title 49 of the Code of Federal Regulations.

Prior to the amendment, railroad companies were required to compute the minimum measure for franchise tax purposes using property values computed in accordance with generally accepted

accounting principles (GAAP). The change allows railroad companies to use either the computation under GAAP or the computation for federal tax purposes, as long as the computation fairly reflects the real and tangible personal property's value for franchise tax purposes. The amendment applies to tax years beginning on or after June 7, 2004.

If you have any questions about this notice, you may contact the department. Tennessee residents outside the Nashville calling area may call our statewide toll-free number at (800) 397-8395. Callers from Nashville or out-of-state may dial (615) 253-0700. You can access additional information on our Web site at www.Tennessee.gov/revenue.

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